

Study of the Reserves, Endowments, and Surpluses of Health Insurers and Hospitals Questions for Consideration by Insurers

Please consider these questions when developing oral and written comments. Please note that oral comments will be limited to approximately five minutes and therefore should be more general. We welcome comprehensive and detailed written comments.

- Due to health care reform and the unique role of non-profit insurers, how is Massachusetts potentially different from other states when considering options for the state's role to "provide regulation, oversight and disposition of the reserves, endowments, and surpluses" of insurers?
- What "non-obvious" factors should be considered that are material to your Board's and management's decision-making with regard to surplus levels?
- How do rules promulgated by the NAIC, association rules, state laws and regulations and any changes to those rules factor into determining your internal surplus targets?
- In addition to state laws and regulations, NAIC, and/or association requirements, what elements go into determining your internal surplus targets? How are such targets developed?
- How do risk based capital (RBC) levels affect the determination of your internal surplus targets?
- What changes have taken place in the assumption of risk by your company within the past 5 years? How has this impacted your internal surplus target?
- What factors should we be cognizant of as we approach our analysis of your company's historical (1999-2008) data?
- How should we deal with the volatility of the investment market as we try to learn from historical data? Has your organization changed its investment strategies and if so, how? If your investment strategy includes investment in common stocks, please comment on the rationale.
- How does your investment strategy interact with your surplus target?
- How do state demographic trends and projected employment mix factor into your assumptions concerning reserves?

- How do you suggest we deal with the volatility of the economy as we try to learn from historical data? What are the effects of the recent economic downturn on your operational results? What are the effects of the recent economic downturn on your investments? What strategic changes have you made in response to the recent economic downturn?
- What potential impacts do you foresee as the result of any additional regulation on the oversight and disposition of insurer and hospital reserves in Massachusetts?
- What specific issues should be considered in relation to the role of the state in providing oversight or regulation of insurer reserves?